

June 23, 2009

Research Update:

**Doha Insurance Co. Q.S.C. Ratings
Raised To 'BBB+' On Improved
Competitive Position; Outlook
Remains Stable**

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Table Of Contents

Overview

Rating Action

Rationale

Outlook

Ratings List

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Overview

- Qatar-based insurer Doha Insurance Co. Q.S.C. has strong capitalization, good and improved competitive position, and good operating performance.
- We have raised our ratings on Doha to 'BBB+' from 'BBB'.
- The stable outlook reflects our expectation that Doha will continue to develop its competitive position and operating performance while gradually increasing and diversifying its risk exposure.

Rating Action

On June 23, 2009, Standard & Poor's Ratings Services raised its long-term counterparty credit and insurer financial strength ratings on Doha Insurance Co. Q.S.C. (Doha) to 'BBB+' from 'BBB'. The outlook is stable.

Rationale

The upgrade reflects Standard & Poor's opinion that Doha's competitive position has improved. This is reflected in the company becoming the clear third-largest insurer in Qatar, based on its commercial specialism and relationship management of clients. We expect the company to maintain this position, although not at the expense of profitability. Doha is also developing new initiatives such as a takaful branch operation and participation as the largest shareholder in a Yemeni insurance company. Although these initiatives introduce execution risk to Doha's operations, we believe management's low tolerance for underperformance will resolve any problems.

The ratings also benefit from strong capitalization and extremely strong capital adequacy ratios. Although the company's specialist industrial and aviation risk base necessitates high reinsurance utilization, we expect this to fall to around 70% by 2010 as Doha seeks to retain a greater proportion of risk.

Operating performance is good and stable. Doha's underwriting performance in 2008 was good with a 25% growth in gross premiums written and a net combined ratio of 63%. This is reflected in a stable return on revenue of 37%. Net investment income was also stable at Qatari riyal 19 million.

Doha's investment portfolio continues to produce acceptable total investment returns, yielding 5% in 2008, but is a relative ratings weakness due to its concentrations in domestic securities. The company has taken steps to curtail this by reducing its exposure to the local market in favor of

holding cash as well as investing in regionally and globally invested managed funds and a joint venture. In addition, concentration risk is partially offset by Doha's strong capitalization.

Outlook

The stable outlook on Doha reflects Standard & Poor's expectation that Doha will continue to develop its competitive position based on its commercial specialism and controlled retail and geographic diversification, and increased risk retention. We expect to see continued good underwriting performance with a three-year average combined ratio not exceeding 70%. We expect capitalization to moderate over the ratings horizon as a result of increased risk retention, but to remain at least strong and for capital adequacy to remain at least very strong.

We do not anticipate future positive ratings momentum over the outlook horizon. Adverse ratings momentum may result from execution risk arising from Doha's geographic or product diversification, or a sustained decline in operating performance or capitalization.

Ratings List

Upgraded

	To	From
Doha Insurance Co. Q.S.C. Counterparty Credit Rating Local Currency	BBB+/Stable/--	BBB/Stable/--
Financial Strength Rating Local Currency	BBB+/Stable/--	BBB/Stable/--

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